

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Friday July 9, 1976

CI NIDC 76-160C

On file Department of Agriculture
release instructions apply.

State Dept. review completed

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Friday July 9, 1976.

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

LEBANON

[REDACTED] Lebanese Christians with Syrian support have apparently stalled the Palestinian and leftist offensive against Christian villages in northern Lebanon. The Christians reportedly have re-taken Amyun--they regained Chekka on Wednesday--and were able yesterday to take control of the principal access route to the larger town of Zagharta.

[REDACTED] The victory in the north has been costly for the Christians in terms of both casualties and troops captured by the Palestinians. Palestinian forces continue to put up stiff resistance to the Christian drive toward Qalamun.

[REDACTED] Heavy clashes continued yesterday in central Beirut and in the suburbs surrounding Tall Zatar refugee camp. Street fighting has spread to most of the traditional lines of confrontation between the eastern and western sectors of the city, and heavy artillery shelling has apparently caused another major fire in the port area.

[REDACTED] Yasir Arafat charged yesterday that Syria is planning an imminent attack on Beirut itself. Although Syrian troops and artillery have supported the Christian attack on Tall Zatar, there is no direct evidence that would corroborate Arafat's allegation.

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[] President Asad did meet with top military and political leaders in Syria's National Progressive Front on Wednesday, possibly seeking endorsement for a new move in Lebanon. Asad has generally sought the front's approval of important shifts in his Lebanon policy.

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[] A contingent of Syria's elite Defense Companies left Damascus yesterday, moving north toward Al Qutayfah. The unit, the equivalent of a mechanized battalion supported by armor, had 122-mm. multiple rocket launchers. This weapon is not known to have been used previously in Lebanon.

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[] The Syrian contingent could be on its way to strengthen the force Damascus has been assembling near the Iraqi border, or it could be moving into Lebanon. Syrian troop strength in Lebanon has remained relatively constant for the past month.

Israeli Views

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[] The Israelis apparently continue to believe that events in Lebanon pose no immediate threat to their security and to give tacit endorsement to Syria's role there.

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[] During a recent conversation with Ambassador Toon, Israeli Defense Minister Peres, a hardline conservative usually considered to be deeply suspicious of Syria's aims, cautiously indicated that Israel could tolerate a consolidation of Syrian control in Lebanon. He said this would be relatively less damaging to Israel's security interests than a leftist - Palestine Liberation Organization takeover of the country.

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[] Peres discounted recurring speculation that Syrian President Asad wants to transform Lebanon into an anti-Israeli confrontation state. He cited Syria's continuing support for the Lebanese Christians as evidence of Asad's determination to steer a more moderate course.

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[] Peres believes that a united and independent Lebanon remains possible if Lebanese Christian leaders can effectively reorganize and coordinate their military forces.

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25X1 [] The Israeli government has long hoped that the Christians will be able to maintain a strong political position in Lebanon to offset--at least partially--the growth in Palestinian strength and also to help prevent development of a hostile, leftist-dominated state threatening Israel's northern border.

25X1 [] Peres' apparent endorsement of a continuing Syrian role probably should be interpreted more as a reflection of Israeli satisfaction that the Syrians are actively working in support of Christian goals rather than an indication that the Israelis have abandoned their suspicion that Syria's military presence in Lebanon could ultimately work to Israel's disadvantage.

25X1 [] Prime Minister Rabin and Foreign Minister Allon have repeatedly expressed concern that Asad could ultimately be forced by Arab and domestic pressure to reverse his course and seek some kind of accommodation with the Palestinians and Lebanese leftists that would leave the Christians isolated and free the Palestinians to resume operations against Israel. 25X1 []

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USSR

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[REDACTED] //Our early July estimate of the Soviet grain crop is 195 million metric tons, unchanged from the mid-June estimate. Later today the US Department of Agriculture will publicly release a crop estimate of the same size.//

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[REDACTED] //The forecast assumes normal weather; the actual crop could turn out to be substantially higher or lower depending on the weather in the next month.//

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[REDACTED] //Conditions in most of European Russia remain unusually favorable for the growth and development of winter grains. Greater-than-normal losses last fall and winter, however, have restricted the winter grain crop to an estimated 45 million tons.//

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25X1 [] //The Department of Agriculture's winter wheat
25X1 team [] recently traveled through the heart
of the winter grain area and reported generally good conditions,
dispelling concern of abnormal plant disease problems.//

25X1 [] //Harvesting of winter grain will soon be in full
swing. Continuation of wetter-than-normal weather in the north-
ern European USSR, however, could cause delays and above-average
losses.//

25X1 [] //Overall, prospects for spring grains continue to
be good. Spring grain production is presently estimated at 150
million tons, some 59 million tons more than last year's disas-
trous spring grain harvest and second only to the record 1973
spring grain production of 159 million tons.//

25X1 [] Conditions west of the Urals that favored winter
grains have also fostered development of spring grains. In con-
trast to the rather uniform crop development in this area, crop
conditions east of the Urals are uneven in the main spring grain
areas. Since mid-June, a series of weak weather fronts have
passed over the Urals and northern Kazakhstan, resulting in nu-
merous localized showers. As a result, areas with above-average
yeild potential are interspersed with areas which have suffered
irreparable damage due to low soil moisture.

25X1 [] Soviet grain requirements are especially difficult to
estimate this year because of the effects of last year's disas-
trous harvest. They will depend on the rate of rebuilding poul-
try and hog inventories, which fell 15 and 20 percent respec-
tively last year; on how rapidly meat production, down roughly
15 percent this year, is intended to recover; and on the extent
of grain stocks replenishment. Additional claims on Soviet grain
supplies may come from Eastern Europe, especially Poland, where
shortfalls in livestock production have caused political prob-
lems of concern to Moscow.

25X1 [] With a grain crop of 195 million tons, and few grain
imports beyond those already contracted for or committed by
agreement, the Soviets would have a grain supply of about 210
million tons in the 1977 cropyear. This would enable them to
restore the quality of bread and other grain products to normal

levels, increase meat production by about 800,000 tons during the last half of calendar 1976, and slowly increase livestock inventories.

25X1 [] Large increases in grain exports to Eastern Europe and in grain reserves as well as a rapid buildup in livestock herds would require substantial additional grain imports.

25X1 [] Large Soviet import contracts for grain and soybeans in recent months despite favorable crop prospects indicate that Moscow is giving a high priority to rebuilding its livestock sector. So far, the Soviets have bought an estimated 13.6 million tons of grain for delivery beginning this month. This includes 6.5 million tons from the US, 1.6 million tons of which was purchased during the past week.

25X1 [] Purchases from the US include 3.8 million tons under the US-Soviet grain agreement, leaving a minimum Soviet commitment of 2.2 million tons. In addition, the Soviets have bought 2 million tons of soybeans, of which 1.5 million tons probably will come from the US.

25X1 [] Soybean meal, a high protein feed, can be used to rebuild livestock herds, while the soybean oil can be used to cover any shortfalls in Soviet edible oil output--largely sunflower and cottonseed oil. The Soviets also have made recent overtures for the purchase of 140,000 tons of beef and mutton from Argentina and Australia. Earlier this year, they bought almost 50,000 tons of mutton, beef, and poultry from Western suppliers, including the US. These purchases of soybeans and meat could reduce somewhat the need for grain imports.

25X1 [] There is no reliable information on the likely scale of Soviet grain imports for the balance of the cropyear. Balance of payments considerations may be critical. Outlays on grain and soybean purchases to date have reached nearly \$3 billion. Moscow has demonstrated a willingness to continue spending heavily for grain imports despite its hard-currency deficit and growing indebtedness, but is probably becoming increasingly concerned about these problems. []

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MOROCCO

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[REDACTED] Morocco's King Hassan, who marks his 47th birthday today, enjoys a strong domestic position as a result of the acquisition of Western Sahara last winter by Morocco and Mauritania. His success in annexing the territory despite Algerian diplomatic opposition and harassment by Polisario Front guerrillas has, at least in the short run, enhanced his government's security and popularity.

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[REDACTED] So far the military, traditionally the major prop of the regime, has supported the government's campaign against the Polisario guerrillas. Morale has probably improved somewhat as a result of promotions awarded to lower- and middle-grade officers this spring.

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[REDACTED] Frustration over continuing hit-and-run guerrilla attacks in Western Sahara and southern Morocco, however, could again produce serious disaffection within the armed forces. The military's commitment to Hassan is uncertain despite his efforts to improve relations with the armed forces since military coup attempts in 1971 and 1972.

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[REDACTED] In his annual birthday speech today, Hassan is expected to announce a new timetable for local and national elections. The polling for local councils may be extended to Morocco's portion

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of Western Sahara in an effort to undercut Algeria's argument that the wishes of the Saharan people were not taken into account when Morocco and Mauritania partitioned the territory.

25X1 [] According to the US embassy in Rabat, the King is considering holding the local elections this fall and an election for a national parliament in December or January. The latter election would fulfill a promise he made in March 1972, when the current constitution was promulgated.

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25X1 [] The opposition parties have long sought a mandate from Hassan to organize elections. They have also demanded a general amnesty for political prisoners.

25X1 [] Hassan, who has quietly released some prisoners in recent months, may be willing to consider at least a partial amnesty, both to entice the parties to participate in elections and to undercut exiled Moroccans who are seeking or receiving assistance from foreign governments to overthrow the monarchy.

25X1 [] The King and his supporters would enter elections in a strong position. In his campaign to acquire Western Sahara, Hassan successfully played on the strong irredentist sentiment of many Moroccans and created an atmosphere of national unity.

25X1 [] None of the several opposition parties, which have been out of power for more than a decade, is strong enough to win a parliamentary majority. [] 25X1

JAPAN

25X1 [] Election-year worries in Japan's Liberal Democratic Party have increased with the resignation of six conservative Diet members to form a second conservative party.

25X1 [] Although party leaders do not expect the group to attract other defectors, the secession--the first in the party's 20-year history--troubles the conservatives, who are already embroiled in the Lockheed affair and in efforts to replace Prime Minister Miki.

25X1 [] The leader of the secessionists is Yohei Kono, the 39-year-old son of one of the party's founders and a self-styled spokesman for young and middle-ranking conservatives.

25X1 [] Kono justifies the resignations on the grounds that the leadership has failed to restore public confidence in the Liberal Democrats by carrying out promised internal party reforms. The rationale is calculated to appeal to other conservatives who are disenchanted with the party's recent election performance and its prospects this year.

25X1 [] //Kono's reformist theme is popular among the rank-and-file. Still, many party members see more personal and immediate motives in his secession, including his concern that Deputy Prime Minister Fukuda may soon replace Miki as prime minister.//

25X1 [] //Kono is ambitious, and his differences over policy issues with Fukuda have included very personal attacks in the past. This makes it highly unlikely that Kono will play a significant role in any Fukuda government.//

25X1 [] //Kono and his followers also believe that disassociating themselves from the party will boost their own re-election prospects this year. Most of the group represents urban and suburban constituencies where their election depends on winning a major share of the independent vote. For them, any swing in public opinion is critical, and they apparently calculate that their vulnerability is increased by the party's Lockheed difficulties.//

25X1 [] //Kono's group has acknowledged that it needs 20 to 25 followers to form a viable political party. That prospect seems unlikely, however, and Kono is leaving the door open for an eventual reconciliation. He continues to support the Liberal Democratic Party's general policy goals and disavows any intention to cooperate with the moderate opposition parties.//

HUNGARY

25X1 [] The increase in the prices of meat products, imposed by the Hungarian government on Monday, has apparently provoked no adverse reaction from the population. This will compound Poland's embarrassment over its mishandling of proposed price hikes.

25X1 [] Over the past several years, Budapest has periodically raised prices on a number of food items without incident. There have been signs of some shortages and increased grumbling, but the Hungarian leadership apparently has been adroit in assessing and molding the public mood.

25X1 [] Budapest's job may have been somewhat easier because Hungarians have not had the taste of political influence that Polish workers experienced in 1970.

In addition, the recent Hungarian price increases, averaging 30 percent, were less drastic and covered fewer foods than those proposed in Poland last month. The Hungarian price hikes also were preceded by an open discussion of the country's economic problems.

25X1 [] Party chief Kadar's evident success on the price front is a symbolic triumph that enhances his credentials as an effective national leader and could provide him with added leverage in defending his domestic policies. []

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